Next warns of slower sales in run-up to Christmas

Next Plc has forecast a slowdown in sales in the run-up to Christmas due to a combination of factors including Inflation, staff shortages and supply chain problems.

The high street and online fashion and homewares giant said stock availability remained challenging despite recent buoyant sales.

The Leicestershire-headquartered business said sales for the last three months were 17 per cent up on where they were during the same period two years ago pre-Covid – which was better than they previously expected.

However in a trading update Next said it expects growth to slow to 10 per cent over the next three months.

It said this was down to less pent-up demand from shoppers and supply issues which, however, were getting better.

It said inflation was also likely to hit demand as households tighten their belts.

Shares in the business were down 2.6 per cent this morning at £80.86.

The group raised its full-year sales growth outlook to 11 pert cent from the 10.7 per cent, but kept its profit guidance at £800 million.

Next said: “Stock availability has improved but remains challenging, with delays in our international supply chain being compounded by labour shortages in the UK transport and warehousing networks.

“However, to date, stock limitations appear to be offset by strong underlying demand.

“Although consumer finances are in good shape, price increases in essential goods (such as fuel) may moderate demand for more discretionary purchases.”

The firm said sales in the five weeks to October 30 rose by 14 per cent on two years ago, generating around £4 million more profit than expected.

But the group said this was set to be offset by slowing sales growth running up to Christmas, as well as higher costs of air freight and other distribution costs in the difficult supply conditions.

Next is also investing further in online marketing.

Next boss Simon Wolfson recently said some areas of the business were coming under pressure from a lack of foreign workers, particularly in logistics and warehousing, which could affect its delivery service going into the peak festive season.

Pre-Brexit about 10 per cent of Next workers were EU nationals and the business has been drawing up plans to tackle a shortage of warehouse staff in the build up to the peak Christmas season – which could mean deliveries take longer to process.

Lord Wolfson said that although there might be less stock on the

It said higher freight costs had pushed up prices by about 2 per cent in its half-year and predicted further increases of around 2.5 per cent on average in the first six months of 2022.

But the firm has been enjoying strong demand thanks to a strong online capability and as lockdowns have lifted, with annual profit forecasts upgraded four times this financial year.

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